

**RFP # 02-19**

**Independent Audit Services for MA Programs**

**Q&A**

	RFP Section	Question	Answer
1		What is the estimated funding source, or budget for this project?	This information is not needed to prepare a response to this RFP.
	RFP Section	Question	Answer
2		Has funding been secured, or is that expected to take place at a later date?	This information is not needed to prepare a response to this RFP.
	RFP Section	Question	Answer
3		Is this a new requirement? Or is there an incumbent vendor providing these services? If so, what is the contract number, vendor name, and term of the contract?	There is no existing contract for this project. This RFP combines two existing Purchase Orders (“POs”) for similar services, which were previously procured separately under the Consulting Services ITQ 440007410. The current PO for Independent Auditing (PO No. 4300673300) is valid until June 30, 2022 and the current PO for FQHC (PO No. 4300700162) is valid until September 30, 2021. The incumbent contractor for both POs is Maher Duessel (DGS Master Contract No. 4400008108).
	RFP Section	Question	Answer
4		Is there a timeline for when this project must be started or awarded?	The anticipated start date is July 1, 2022; however, this date is subject to change.
	RFP Section	Question	Answer
5		Can we have a copy of prior year annual AUP engagement of MCO’s?	The engagement letters from the most recent round of Commonwealth reviews are attached.

**RFP # 02-19**

**Independent Audit Services for MA Programs**

**Q&A**

	RFP Section	Question	Answer
6		How many quarterly examination engagements have been performed in the last 3 years?	None.
7		What is the format of eligibility data provided by the Commonwealth (Excel, text etc)?	For FQHC audits and DSH Audits, DHS will not provide eligibility data. Eligibility data is not provided to MCO Assessment Auditors now.
8		If data is provided in text format can it be converted by the Commonwealth into other formats?	Please refer to the response to Q.7.
9		Will the layout of files be provided/ available?	DHS will provide files in PDF or Excel format. Other file types may be necessary depending on how providers submit documentation.
10		What is the approximate size of the data files to be provided for the engagement?	For DSH and FQHC cost reports, between 3MB and 10MB. No files are provided for MCO Assessments.
11		Will a pre-bid meeting attendance list of participants be sent out?	Please refer to Addendum 1 to this RFP, located in JAGGAER Buyer Attachments.

RFP # 02-19

Independent Audit Services for MA Programs

Q&A

	RFP Section	Question	Answer
12		Tab 5 lists Training as a requirement, but Document RFP 02-19 does not list Training as a stand-alone section (but rather as part of F: Consultation Services). What is to be covered in Tab 5?	<p>Section 13.B of the JAGGAER Description inadvertently included “Training” as Tab 5. There should only be 12 Tabs, formatted as follows:</p> <ul style="list-style-type: none"><li>• Tab 1: Table of Contents</li><li>• Tab 2: Statement of the Project</li><li>• Tab 3: Management Summary</li><li>• Tab 4: Qualifications</li><li>• Tab 5: Financial Capability</li><li>• Tab 6: Work Plan</li><li>• Tab 7: Requirements</li><li>• Tab 8: Reports &amp; Project Control</li><li>• Tab 9: Performance Standards</li><li>• Tab 10: Objections to IT Terms and Conditions</li><li>• Tab 11: Corporate Reference Questionnaire Buyer Attachment Appendix B</li><li>• Tab 12: Key Personnel Reference Questionnaire Buyer Attachment Appendix C</li></ul>

RFP # 02-19

Independent Audit Services for MA Programs

Q&A

	RFP Section	Question	Answer
13		States “SOC 2 Type II reports shall address the following: (i) Security of Information and Systems; (ii) Availability of Information and Systems; (iii) Processing Integrity; (iv) Confidentiality; (v) Privacy; and (vi) If applicable, compliance with the laws, regulations, standards, or policies designed to protect the information identified in ITP-SEC019 or other information identified as protected or Confidential by this Contract or under law.” Would the Commonwealth consider removing this requirement? If not, would the Commonwealth accept a report that includes three of the five criteria? Our firm serves as a business associate to several covered entities across the nation. As such, our current SOC 2 audit includes the criteria of Security, Confidentiality, and Availability, which help assure our covered entity associates that we are meeting all of our obligations contained within our Business Associate Agreements.	DHS will not remove or revise any of the IT Contract Terms and Conditions at this time. Pursuant to Section I-10 of the Technical Submittal, an Offeror may identify any IT Contract Terms and Conditions it would like to negotiate. Offerors <b>must</b> submit their proposals on the basis of the IT Contract Terms and Conditions and may <b>not</b> condition their proposals on negotiation of terms and conditions.
	RFP Section	Question	Answer
14		When is the MCO Annual AUP Engagement report due to the Commonwealth?	June 30 of each calendar year
	RFP Section	Question	Answer
15		“The selected Offeror must host a secured collaborative website for entities to submit electronic reports. The website must comply with all requirements of Exhibit B, Requirements for Non-Commonwealth Hosted Applications/Services, of Appendix D, IT Contract Terms and Conditions.” Are the Customer Service Transformation design principles described in RFP 02-19, page 16, I-6 Requirement, A. Customer Service Transformation and Appendix O applicable to this website?	Yes, the Customer Service Transformation design principles are applicable.

**RFP # 02-19**

**Independent Audit Services for MA Programs**

**Q&A**

	RFP Section	Question	Answer
16		<p>“The number of DSH hospitals can vary from year to year as determined by the Department.” RFP 02-19, page 12, D. DSH Annual Examinations states “The Commonwealth provides DSH payments and supplemental payments to over 200 Private Hospitals and 6 State-Owned Psychiatric Hospitals. The Department also makes a minimum of 30 different DSH and Supplemental Payments as approved in the State Plan for Pennsylvania.” RFP 02-19, page 7, Tasks gives an estimate of 1,500 service hours for DSH annual examinations. Are the 1,500 estimated service hours to complete examinations for 200+ DSH hospitals?</p>	<p>Yes, the estimated service hours are based on the 216 hospitals potentially eligible to receive DSH payments included on the FY16-17 Medicaid DSH Report.</p>
17		<p>“Currently, the Commonwealth works with commercial and MA MCOs, and about 82 FQHCs and about 74 RHC entities.” RFP 02-19, page 11, Task 4 FQHC/RHC Examinations states “DHS will select FQHCs/RHCs during each fiscal period and provide approximately 10 cost reports to the selected Offeror for examination by a deadline determined by DHS.” RFP 02-19, page 7, Tasks gives an estimate of 1,500 service hours for FQHC/RHC Examinations. Are the 1,500 estimated service hours to complete examinations for 10 FQHC/RHC cost reports?</p>	<p>Yes.</p>
18		<p>Are SDB and VBE subcontractors considered to be a “significant subcontractor” if they are allotted more than 10 percent of the total cost basis of the work associated with this RFP? Or is the “significant subcontractor” designation only for non-SDB/VBEs subcontractors?</p>	<p>Yes, SDBs and VBEs are considered to be a “significant subcontractor” if they are undertaking more than 10% on the total cost basis of the work associated with the RFP.</p>

**RFP # 02-19**

**Independent Audit Services for MA Programs**

**Q&A**

	RFP Section	Question	Answer
19		Currently, the Commonwealth requires hard copies of reference forms for both the firm and key individuals to be returned directly to the Department of Human Services, Bureau of Procurement & Contract Management. Would you consider accepting the forms via email if sent directly from our references to the Bureau?	No, the Department will not accept electronic versions.
	RFP Section	Question	Answer
20		Can you provide a copy of the current contract (or previous contract if expired)? If a copy of the contract is not available, can you provide the incumbent name, contract dates, and total cost?	Please refer to the response to Q.3.
	RFP Section	Question	Answer
21		For the most recently completed contract year, can you provide a breakdown of the actual billings by the contractor(s) by dollar amount and hours for each of the main categories of services addressed by the RFP (i.e., MCO, DSH, FQHC/RHCs, other provider types, litigation support, and Consultation)?	DHS cannot provide this information, as this RFP will result in a new contract. All information concerning the two existing contracts for similar services is available in the response to Q.3.

**RFP # 02-19**

**Independent Audit Services for MA Programs**

**Q&A**

	RFP Section	Question	Answer
22		In Attachment 3 (RFP 02-19 Independent Auditing Services for MA Programs Technical Submittal. Pdf) Section, I-10 – Objections and Additions to IT Contract Terms and Conditions – Can you please confirm that bidders should include any requested revisions to the Commonwealth’s standard contract terms and the BAA in this section (in addition to any requested changes related to the IT Terms and Conditions)?	Any requested revisions must be limited to the IT Contract Terms and Conditions provided as Appendix D of the RFP and the DHS Addendum to the IT Contract Terms and Conditions provided as Appendix E of the RFP. Offerors may not request revisions to the Business Associate Addendum (Appendix F) in this section.
	RFP Section	Question	Answer
23	Appendix C	In Attachment 3 (RFP 02-19 Independent Auditing Services for MA Programs Technical Submittal. Pdf) Section, I-3.D.1 – Key Personnel References – Given the large number of key staff on this project, would the Commonwealth consider limiting the number of required individual references to 1 or 2 per key staff member?	No. Offerors must identify at least three client references for Key Personnel, which are defined as the Project Manager and Certified Public Accountants.
	RFP Section	Question	Answer
24		The RFP states that “...hard copies of the completed Corporate and Key Personnel Reference Questionnaires must arrive at the Issuing Office...before the date and time specified in the RFP Calendar of Events Buyer Attachment.” Additionally, the RFP states that “DHS will not accept hard copy references...via email, facsimile transmission, or in-person delivery.” Given the public health emergency, many of the individuals from whom we would request references are working from locations other than their organization’s office, making the distribution and return of reference forms logistically challenging. Will the Commonwealth consider accepting electronic versions of the references?	Please refer to the response to Q.19.

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF HUMAN SERVICES**

**MCO ASSESSMENT QUARTERLY REVIEWS AND  
ANNUAL AGREED UPON PROCEDURES GUIDE**

**Updated as of May 1, 2020**



**PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES**  
**MCO Assessment Reviews and Agreed Upon Procedures**

**TABLE OF CONTENTS**

Introduction	Page #
• Overview.....	3
• Quarterly Reviews .....	3
• Annual Reviews .....	4

## Overview

-The managed care assessment under Act 92 of 2015 (62 P.S. §§ 801-I – 812-I) authorized the Department of Human Services (Department) to collect a fixed fee from managed care organizations providing health/managed care services within the Commonwealth on a quarterly basis for members enrolled in certain programs.

-As stated in Act 92, a member is a covered individual who is enrolled for any period during the month to receive health care services through a contract with managed care services entity (MCO) operating within the Commonwealth. The following managed care entities are excluded for the purpose of the MCO Assessment payment/reporting:

- 1- Medicare Advantage Plan
- 2- Tricare or Other Health Care Plan provided through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) as defined under 10 U.S.C. §1070.
- 3- Health Care Plan provided through the Federal Employees Health Benefits Program established under the Federal Employees Health Benefit Act.

-The Department has issued quarterly reporting and payment instructions for the MCOs to report and pay the MCO Assessment in compliance with the law. As stated in Act 92, the Department shall have access to information and records to determine the amount of assessment due from the MCO, verify that the MCO has calculated the correct amount due for MCO Assessment and to determine that the assessment as a percentage of the MCO revenue does not exceed the maximum limit as specified in section 803-I (D).

As previously communicated with the MCOs, the Department will conduct reviews with the following objectives:

1. Quarterly Review Objective:

These reviews will be performed on an ad-hoc basis at the discretion of the Department.

The purpose of these reviews is to determine if the member months reported in the quarterly MCO Assessment Reports for lines of business other than Medicaid, Community HealthChoices and CHIP

were complete, accurate and reported in compliance with the applicable Commonwealth requirements and Act 92.

The Department may make different decisions regarding these reviews in future, and additional objectives may be added as deemed necessary. The Department will notify MCOs of the review results.

## 2. Annual Agreed-upon Procedures Engagements

The Department created the annual agreed-upon procedures engagement (AUP) for each MCO that does not arrange for this engagement with an independent practitioner. MCOs need to notify the Department by June 30 of each year, beginning June 30, 2017, whether they choose to arrange for their own AUP engagement by an independent practitioner. If the MCO selects an independent practitioner to perform this engagement, the due date of the AUP report to the Department is the last day of the 3rd month after the Commonwealth fiscal year has ended. **The AUP is only for lines of business other than Medicaid and Community HealthChoices.** Procedures for these engagements are as follows:

- A. Inspect the logic, code and/or queries used to calculate member months for the MCO Assessment Report and determine if the logic is in accordance with the Department's Managed Care Quarterly Reporting Instructions including the requirement that a member month is counted in the report if an individual is enrolled for any period of time during the month. It is not acceptable for the MCO to report fractional member months or determine member months based on a single day of the month.
- B. Inspect detail supporting the member months submitted in the quarterly MCO Assessment Reports (Columns A through C of the report) for the fiscal year and ensure that no fractional member months were included.
- C. Trace the results of the logic, code and/or queries used to calculate member months for the purpose of the MCO Assessment Report to the MCO Assessment Reports submitted

to the Department to ensure the results produced support what was submitted to the Department.

- D. From all claims administered by the MCO in the review period, select a random sample of 20 claims for all applicable lines of business subject to review and confirm that related member months were properly included in the MCO Assessment Report based on the Department's Quarterly Reporting Instructions and Act 92.
- E. Select a random sample of 20 organizations that have purchased Commercial HMO, Commercial Point of Service and or Commercial GPPO plans from the MCO during the calendar year that ended prior to the end of the Commonwealth fiscal year under review and: 1) Agree the recorded premium rate to the associated invoice and executed customer contract and 2) Agree the premium revenue to cash receipts.
- F. Validate that the premium revenue for the calendar year being reviewed, as reported to the Department of Human Services on the MCO Assessment Report reconciles to the Audited Statutory Financial Statements to ensure that the reported premium revenue is in compliance with the Department of Human Services' reporting instructions. Procedures used to complete this validation include reconciling the revenue reported on the aforementioned MCO Assessment Report to the MCO's records and/or subledgers (i.e., line of business reports and trail balance) in support of revenue reported on the Statutory Annual Statements submitted to the Pennsylvania Department of Insurance, which reconciles to the Audited Statutory Financial Statements.

If the MCO does not notify the Department of their selection of an independent auditor by the due date stated above, the Department will perform the above procedures. The Department will then notify the MCOs of the engagement results and ask for appropriate follow up steps in the future if necessary.

Please send any questions regarding these procedures to the Department's MCO Assessment mailbox at RA-PWMCASSESSMENT@pa.gov.

August 18, 2020

Mr. George Rhyne  
Director, Bureau of Fiscal Management  
6<sup>th</sup> Floor, Commonwealth Towers  
303 Walnut Street  
Harrisburg, PA 17101

Dear Mr. Rhyne:

The proposed procedures regarding the Managed Care Organization (MCO) Assessment Reports for the period of July 1, 2019 through June 30, 2020 are provided below. The MCO Assessment Reports are required to be prepared in accordance with the Pennsylvania Department of Human Services (DHS) Managed Care Quarterly Assessment Report Instructions and Act 92 of 2015 (62 P.S. §§ 801-I – 812-I). The MCO whose Assessment Reports will be subject to the agreed-upon procedures (AUP) performed by the Bureau of Audits for the fiscal year ended June 30, 2020 is as follows:

**Managed Care Organization:**

Geisinger  
Geisinger Health Plan  
Geisinger Quality Options

As stated in the DHS Managed Care Quarterly Assessment Report Instructions, the AUP is only for lines of business other than Medicaid and Community HealthChoices.

This engagement to apply these agreed-upon procedures will be performed in accordance with generally accepted government auditing standards. We will perform the agreed-upon procedures solely to assist DHS with the verification of Geisinger's Managed Care Organization Assessment Reporting for the period. The sufficiency of the procedures is solely the responsibility of DHS. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which these procedures have been requested or for any other purpose.

Procedures

The agreed-upon procedures are as follows:

- A. Inspect the logic, code and/or queries used to calculate member months for the MCO Assessment Report and determine if the logic is in accordance with the Department's Managed Care Quarterly Reporting Instructions including the requirement that a member month is counted in the report if an individual is enrolled for any period of time during the month. It is not acceptable for the MCO to report fractional member months or determine member months based on a single day of the month.

- B. Inspect detail supporting the member months submitted in the quarterly MCO Assessment Reports (Columns A through C of the report) for the fiscal year and ensure that no fractional member months were included.
- C. Trace the results of the logic, code and/or queries used to calculate member months for the purpose of the MCO Assessment Report to the MCO Assessment Reports submitted to the Department to ensure the results produced support what was submitted to the Department.
- D. From all claims administered by the MCO in the review period, select a random sample of 20 claims for all applicable lines of business subject to review and confirm that related member months were properly included in the MCO Assessment Report based on the Department's Quarterly Reporting Instructions and Act 92.
- E. Select a random sample of 20 organizations that have purchased Commercial HMO, Commercial Point of Service and or Commercial GPPO plans from the MCO during the calendar year that ended prior to the end of the Commonwealth fiscal year under review and: 1) Agree the recorded premium rate to the associated invoice and executed customer contract and 2) Agree the premium revenue to cash receipts.
- F. Validate that the premium revenue for the calendar year being reviewed, as reported to the Department of Human Services on the MCO Assessment Report reconciles to the Audited Statutory Financial Statements to ensure that the reported premium revenue is in compliance with the Department of Human Services' reporting instructions. Procedures used to complete this validation include reconciling the revenue reported on the aforementioned MCO Assessment Report to the MCO's records and/or subledgers (i.e., line of business reports and trail balance) in support of revenue reported on the Statutory Annual Statements submitted to the Pennsylvania Department of Insurance, which reconciles to the Audited Statutory Financial Statements.

We are not engaged to and will not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Managed Care Organization (MCO) Assessment Reports. In addition, we have no obligation to perform any procedures beyond those listed. If, however, as a result of the procedures or through other means, any matters come to our attention that cause us to believe there is noncompliance with DHS's Managed Care Quarterly Assessment Report Instructions or Act 92 of 2015 (62 P.S. §§ 801-I – 812-I), we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters which might have come to our attention had we performed an examination or review.

We understand that Geisinger will provide us with the information required for our engagement and that Geisinger is responsible for the accuracy and completeness of that information.

At the conclusion of the engagement, the Bureau of Audits will issue a report detailing the results for each procedure. The report is intended solely for the information of DHS, and Office of Budget management and is not intended to be and should not be used by anyone other than these specified parties.

Please review the proposed procedures and acknowledge the sufficiency of the procedures by signing below. If the procedures are not considered to be sufficient, or are not in accordance with your understanding, please provide comments in the space provided below.

Should you have any questions, please contact Stanley Bohenic, Division Chief, at (717) 736-7831. Your cooperation during the engagement is greatly appreciated.

Sincerely,



William S. Canfield  
Director  
Bureau of Audits

**RESPONSE:**

The attached procedures are ✓ are not     sufficient for the purposes of the engagement.

**COMMENTS:**

---

---

---

---

---

Approved By: George Rhyne

Date: August 18, 2020

cc: John Miller

July 29, 2020

Mr. George Rhyne  
Director, Bureau of Fiscal Management  
6<sup>th</sup> Floor, Commonwealth Towers  
303 Walnut Street  
Harrisburg, PA 17101

Dear Mr. Rhyne:

The proposed procedures regarding the Managed Care Organization (MCO) Assessment Reports for the period of July 1, 2019 through June 30, 2020 are provided below. The MCO Assessment Reports are required to be prepared in accordance with the Pennsylvania Department of Human Services (DHS) Managed Care Quarterly Assessment Report Instructions and Act 92 of 2015 (62 P.S. §§ 801-I – 812-I). The MCO whose Assessment Reports will be subject to the agreed-upon procedures (AUP) performed by the Bureau of Audits for the fiscal year ended June 30, 2020 is as follows:

**Managed Care Organization:**

Oscar Health Plan of Pennsylvania, Inc.

As stated in the DHS Managed Care Quarterly Assessment Report Instructions, the AUP is only for lines of business other than Medicaid and Community HealthChoices.

This engagement to apply these agreed-upon procedures will be performed in accordance with generally accepted government auditing standards. We will perform the agreed-upon procedures solely to assist DHS with the verification of Oscar Health Plan of Pennsylvania, Inc.'s Managed Care Organization Assessment Reporting for the period. The sufficiency of the procedures is solely the responsibility of DHS. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which these procedures have been requested or for any other purpose.

**Procedures**

The agreed-upon procedures are as follows:

- A. Inspect the logic, code and/or queries used to calculate member months for the MCO Assessment Report and determine if the logic is in accordance with the Department's Managed Care Quarterly Reporting Instructions including the requirement that a member month is counted in the report if an individual is enrolled for any period of time during the month. It is not acceptable for the MCO to report fractional member months or determine member months based on a single day of the month.
- B. Inspect detail supporting the member months submitted in the quarterly MCO Assessment Reports (Columns A through C of the report) for the fiscal year and ensure that no fractional member months were included.



- C. Trace the results of the logic, code and/or queries used to calculate member months for the purpose of the MCO Assessment Report to the MCO Assessment Reports submitted to the Department to ensure the results produced support what was submitted to the Department.
- D. From all claims administered by the MCO in the review period, select a random sample of 20 claims for all applicable lines of business subject to review and confirm that related member months were properly included in the MCO Assessment Report based on the Department's Quarterly Reporting Instructions and Act 92.
- E. Select a random sample of 20 organizations that have purchased Commercial HMO, Commercial Point of Service and or Commercial GPPO plans from the MCO during the calendar year that ended prior to the end of the Commonwealth fiscal year under review and: 1) Agree the recorded premium rate to the associated invoice and executed customer contract and 2) Agree the premium revenue to cash receipts.
- F. Validate that the premium revenue for the calendar year being reviewed, as reported to the Department of Human Services on the MCO Assessment Report reconciles to the Audited Statutory Financial Statements to ensure that the reported premium revenue is in compliance with the Department of Human Services' reporting instructions. Procedures used to complete this validation include reconciling the revenue reported on the aforementioned MCO Assessment Report to the MCO's records and/or subledgers (i.e., line of business reports and trail balance) in support of revenue reported on the Statutory Annual Statements submitted to the Pennsylvania Department of Insurance, which reconciles to the Audited Statutory Financial Statements.

We are not engaged to and will not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Managed Care Organization (MCO) Assessment Reports. In addition, we have no obligation to perform any procedures beyond those listed. If, however, as a result of the procedures or through other means, any matters come to our attention that cause us to believe there is noncompliance with DHS's Managed Care Quarterly Assessment Report Instructions or Act 92 of 2015 (62 P.S. §§ 801-I – 812-I), we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters which might have come to our attention had we performed an examination or review.

We understand that Oscar Health Plan of Pennsylvania, Inc. will provide us with the information required for our engagement and that Oscar Health Plan of Pennsylvania, Inc. is responsible for the accuracy and completeness of that information.

At the conclusion of the engagement, the Bureau of Audits will issue a report detailing the results for each procedure. The report is intended solely for the information of DHS, and Office of Budget management and is not intended to be and should not be used by anyone other than these specified parties.

Please review the proposed procedures and acknowledge the sufficiency of the procedures by signing below. If the procedures are not considered to be sufficient, or are not in accordance with your understanding, please provide comments in the space provided below.

Should you have any questions, please contact Stanley Bohenic, Division Chief, at (717) 736-7831. Your cooperation during the engagement is greatly appreciated.

Sincerely,



William S. Canfield  
Director  
Bureau of Audits

**RESPONSE:**

The attached procedures are  are not  sufficient for the purposes of the engagement.

**COMMENTS:**

---

---

---

---

---

Approved By: George Rhyne

Date: July 29, 2020

cc: John Miller

August 18, 2020

Mr. George Rhyne  
Director, Bureau of Fiscal Management  
6<sup>th</sup> Floor, Commonwealth Towers  
303 Walnut Street  
Harrisburg, PA 17101

Dear Mr. Rhyne:

The proposed procedures regarding the Managed Care Organization (MCO) Assessment Reports for the period of July 1, 2019 through June 30, 2020 are provided below. The MCO Assessment Reports are required to be prepared in accordance with the Pennsylvania Department of Human Services (DHS) Managed Care Quarterly Assessment Report Instructions and Act 92 of 2015 (62 P.S. §§ 801-I – 812-I). The MCO whose Assessment Reports will be subject to the agreed-upon procedures (AUP) performed by the Bureau of Audits for the fiscal year ended June 30, 2020 is as follows:

**Managed Care Organization:**

UPMC

UPMC for You

UPMC Health Coverage

UPMC Community Care Behavioral Health

As stated in the DHS Managed Care Quarterly Assessment Report Instructions, the AUP is only for lines of business other than Medicaid and Community HealthChoices.

This engagement to apply these agreed-upon procedures will be performed in accordance with generally accepted government auditing standards. We will perform the agreed-upon procedures solely to assist DHS with the verification of UPMC's Managed Care Organization Assessment Reporting for the period. The sufficiency of the procedures is solely the responsibility of DHS. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which these procedures have been requested or for any other purpose.

Procedures

The agreed-upon procedures are as follows:

- A. Inspect the logic, code and/or queries used to calculate member months for the MCO Assessment Report and determine if the logic is in accordance with the Department's Managed Care Quarterly Reporting Instructions including the requirement that a member month is counted in the report if an individual is enrolled for any period of time during the month. It is not acceptable for the MCO to report fractional member months or determine member months based on a single day of the month.

- B. Inspect detail supporting the member months submitted in the quarterly MCO Assessment Reports (Columns A through C of the report) for the fiscal year and ensure that no fractional member months were included.
- C. Trace the results of the logic, code and/or queries used to calculate member months for the purpose of the MCO Assessment Report to the MCO Assessment Reports submitted to the Department to ensure the results produced support what was submitted to the Department.
- D. From all claims administered by the MCO in the review period, select a random sample of 20 claims for all applicable lines of business subject to review and confirm that related member months were properly included in the MCO Assessment Report based on the Department's Quarterly Reporting Instructions and Act 92.
- E. Select a random sample of 20 organizations that have purchased Commercial HMO, Commercial Point of Service and or Commercial GPPO plans from the MCO during the calendar year that ended prior to the end of the Commonwealth fiscal year under review and: 1) Agree the recorded premium rate to the associated invoice and executed customer contract and 2) Agree the premium revenue to cash receipts.
- F. Validate that the premium revenue for the calendar year being reviewed, as reported to the Department of Human Services on the MCO Assessment Report reconciles to the Audited Statutory Financial Statements to ensure that the reported premium revenue is in compliance with the Department of Human Services' reporting instructions. Procedures used to complete this validation include reconciling the revenue reported on the aforementioned MCO Assessment Report to the MCO's records and/or subledgers (i.e., line of business reports and trail balance) in support of revenue reported on the Statutory Annual Statements submitted to the Pennsylvania Department of Insurance, which reconciles to the Audited Statutory Financial Statements.

We are not engaged to and will not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Managed Care Organization (MCO) Assessment Reports. In addition, we have no obligation to perform any procedures beyond those listed. If, however, as a result of the procedures or through other means, any matters come to our attention that cause us to believe there is noncompliance with DHS's Managed Care Quarterly Assessment Report Instructions or Act 92 of 2015 (62 P.S. §§ 801-I – 812-I), we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters which might have come to our attention had we performed an examination or review.

We understand that UPMC will provide us with the information required for our engagement and that UPMC is responsible for the accuracy and completeness of that information.

At the conclusion of the engagement, the Bureau of Audits will issue a report detailing the results for each procedure. The report is intended solely for the information of DHS, and Office of Budget management and is not intended to be and should not be used by anyone other than these specified parties.

Please review the proposed procedures and acknowledge the sufficiency of the procedures by signing below. If the procedures are not considered to be sufficient, or are not in accordance with your understanding, please provide comments in the space provided below.

Should you have any questions, please contact Stanley Bohenic, Division Chief, at (717) 736-7831. Your cooperation during the engagement is greatly appreciated.

Sincerely,



William S. Canfield  
Director  
Bureau of Audits

**RESPONSE:**

The attached procedures are   ✓   are not        sufficient for the purposes of the engagement.

**COMMENTS:**

---

---

---

---

---

Approved By: George Rhyne

Date: August 18, 2020

cc: John Miller